



**Office of Health Plan Administration**

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October 16, 2007

**AGENDA ITEM 7**

**TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE**

- I. SUBJECT:** Blue Shield NetValue Implementation
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. BACKGROUND:**

The Blue Shield NetValue HMO plan was approved by the CalPERS Board of Administration in May 2007 and by the Department of Managed Health Care (DMHC) in August 2007. NetValue is being offered on a side-by-side basis with the existing CalPERS Access+ HMO<sup>®</sup> plan, with the same comprehensive benefits. NetValue offers members access to more efficient healthcare providers that meet quality metrics based on nationally recognized quality of care measures. Because NetValue offers members a smaller, more efficient network of selected IPAs and medical groups (and affiliated Primary Care Physicians and Specialists), the plan is offered at lower monthly rates.

The NetValue service area consists of 17 counties of which the following counties have full coverage: Fresno, Kings, Madera, Orange, and Yolo. The following counties have partial: El Dorado, Kern, Los Angeles, Nevada, Placer, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, and Ventura.

NetValue's provider network includes 98 IPAs, or 42 percent of the 231 IPAs in the current CalPERS network in the 17 NetValue counties. This represents 58 percent of the available Primary Care Physicians and 64 percent of Specialists and OB/GYN physicians. Approximately 32% of the total Blue Shield CalPERS membership is already seeking care from NetValue Providers.

Providers in the NetValue network are assessed on both quality and efficiency metrics to be admitted to this provider panel. A quality threshold was established based on nationally recognized quality measures including clinical metrics, patient satisfaction metrics and measures related to grievances, appeals and complaints. These evidenced based measures rely on existing Health Plan Employer Data and Information Set (HEDIS) measures approved by the National Committee for Quality Assurance (NCQA). Any group that did not meet the quality threshold was ineligible for inclusion in the NetValue<sup>SM</sup> HMO plan.

For the efficiency metric, an economic analysis was conducted that evaluated the total integrated cost of care by medical group and/or IPA. Providers were separated into geographic cohorts, and an efficiency target, based on healthcare costs for that cohort, was established. NetValue Medical groups and IPAs were selected, and access standards were evaluated, in order to ensure that the service area that was filed with the Department of Managed Health Care (DMHC) provided the most extensive coverage possible while still meeting efficiency targets.

Blue Shield continues to work with those medical groups that did not meet the NetValue qualifying criteria but are interested in joining the NetValue network. Blue Shield is committed to outlining to these groups what action steps would be required to qualify for inclusion in the network. It is in the best interest of both the provider community and CalPERS members to have many choices of medical groups that meet the NetValue network's quality and efficiency criteria. Blue Shield also will explore strategies that could be pursued to expand the NetValue service area into other geographic regions of the state.

In order to promote the NetValue plan for the CalPERS open enrollment, a communication plan has been developed consisting of the following promotional activities:

#### Member Activities

- June 2007, the Blue Shield web portal included NetValue providers.
- August 2007, Blue Shield sent education letters and brochures to all members in the NetValue Service area with highlights of the new plan.
- Starting in August 2007 and continuing until October 2007, the plan is being promoted during the 2008 open enrollment health fairs, with unique marketing collateral material.
- August 2007, the Blue Shield member web portal included the 2008 NetValue summary of benefits, provider information, and NetValue counties.

- September 2007, Woodland Clinic Medical Group was added to the network.

Health Benefit Officer (HBO) Activities

- Starting in August 2007, Blue Shield sent education letters, conducted email blasts and initiated phone outreach to HBOs highlighting the new plan.
- Starting in September 2007, Blue Shield hosted special meetings with HBOs and employees, providing information on NetValue.

Advertisements

- Gas station topper advertisements were run in both the Los Angeles and Sacramento areas starting on September 10 and were run for the following four weeks.
- Newspaper advertisements were run in the Capitol Weekly (Sacramento), LA Times, and Sacramento Bee.

A representative from Blue Shield will be making a presentation on the status of the NetValue product.

**V. STRATEGIC PLAN:**

This request relates to Goal X: Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.

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Office of Health Plan Administration

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Attachment